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ABSTRACT

This paper represents a pooling of diverse perspectives and experiences of four organizations concerned that the current block grant structure of funding for social and family support services will not adequately improve the social services system or the lives of children and families. Focusing on ways in which the current re-examination of federal funding could be used to advance the family support agenda, the aim of these groups is to create a responsive, effective, accountable, family-supportive, and community-based system that actively supports children, youth, and families. The proposed block grant system--the Personal Responsibility Act (PRA)--will not achieve the goals of improving the responsiveness, effectiveness, and fiscal accountability of public services, nor will it improve the outlook for children, youth, and families. Instead, the PRA will undermine these goals by eliminating several entitlement programs for low-income families, allowing decisions by certain states to hurt the entire country, and providing no protection against re-regulation of the block grant programs. An alternative to the current block grant concept, which would utilize a "blending" of similar programs, combining the purposes and funding of these smaller programs into larger categories, is proposed that could help achieve these goals and capitalize on the chance to help children, youth, and families. (BGC)

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How Block Grants Can Make—or Break—Supports for Families

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A Working Paper

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This new working paper analyzes how the current re-examination of federal funding could be used to advance the family support agenda. The four organizations above have a long history of working with states and communities to reform the way human service systems work to improve outcomes for children, youth and families. This paper represents a pooling of their diverse perspectives and experiences.

A major principle underlying block grants—moving decision-making closer to communities—can help advance the goal of creating a responsive, effective, accountable, family-supportive and community-based system. However, we are concerned that the current structure of block grants, as embodied in the Personal Responsibility Act (PRA), will not make government more accountable, and will not improve the system, or the lives of children, youth and families.

We welcome your comments and feedback. If you have questions or comments, please contact FRC Federal Policy Liaison Maria Elena Orrego c/o the Center for the Study of Social Policy (see address and phone number, above).

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How Block Grants Can Make—or Break—Supports for Families

This working paper represents a pooling of the experiences of four organizations[1] that work with states and communities to reform the way human service systems work to improve outcomes for children, youth and families. Our agenda is to help create a responsive, effective, accountable, family-supportive and community-based system that actively supports children, youth and families. This requires substantial policy change at the federal and state level—changes that move decision-making to the local level; that institute accountability for results, not process; and that bring together fragmented, ineffective services into a coherent, effective, holistic approach. Incremental changes, however well-intentioned, will not achieve these goals, and so we welcome the current climate for dramatic, large-scale reform. However, the specific design for these reforms, as embodied in the Personal Responsibility Act (PRA), will not accomplish its goals of making government more accountable, reforming the system, and improving the lives of children, youth and families. In this paper, we propose a different set of principles to guide the development of more flexible funding that will.

There is virtually universal agreement on five major problems affecting current services for children, youth and families:

- The current system is not focused on results, but measures itself through process and procedure.
- The current system is fragmented. Multiple programs, funding sources and accounting rules generate wasteful duplication of services and administrative expenses.
- The current system is overly categorical, treating problems or concerns as isolated and individually based rather than viewing them holistically and in the context of family, neighborhood and community.
- Expensive, "back-end" services are emphasized at the expense of long-term prevention programs necessary to change results.
- The current system is too "top-down," not allowing communities the flexibility to determine their own needs, and not fostering consumer involvement and participation in seeking collective solutions to improve outcomes.

These problems are ingrained into the current system. They arose over many years, and ordinarily, it might take decades to fix them. But the current discussion over block grants provides a major opportunity to address these problems and others, to effect a "sea change" in

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[1] Child and Family Policy Center; Center for Youth Development and Policy Research/Academy for Educational Development; Family Resource Coalition; and Center for the Study of Social Policy.

the way public services support children, youth and families. The basic principle behind the block grant concept—that of shifting decision-making over service delivery closer to the families and children affected by those services—*can* greatly improve the responsiveness, effectiveness and fiscal accountability of public services and improve the lives of children, youth and families. It can help ensure that services are designed in a way that attracts families, and that resources are targeted to areas of greatest need.

Unfortunately, the current block grant proposal embodied in the Personal Responsibility Act *will not* achieve these goals. This paper describes how the PRA undermines the goal of improving both the system, and the lives of families and children. It also describes how an alternative formulation of the block grant concept could accomplish those goals. This alternative formulation embodies many of the principles of accountability, responsiveness and local empowerment that have been rallying cries for people across the political spectrum.

Why the PRA Won't Improve the System and the Lives of Children, Youth and Families

The PRA would eliminate several major entitlement programs for low-income families, including AFDC, Foster Care and Adoption Assistance, and various grant-in-aid child care and child nutrition programs, replacing them with block grants to the states. States would have considerable discretion in their use of these new federal block grants. They could shift as much as 30 percent of their funds under any block grant to any other block grant, and they would not be required to maintain state spending on any programs that are currently federal/state entitlements. Furthermore, they would no longer have to accept all applications for assistance, act on applications within a particular period of time, or provide assistance to all parts of the state.

A worst-case scenario related to income support illustrates how this approach could harm children, youth and families. States could decide not to pay their 40-percent share of AFDC benefits, reducing the (1994) $366 median benefit to $220. States could also transfer up to 30 percent of the remaining federal share to other block grants, further reducing the monthly benefit to $154—less than half the current level. States could decide not to provide even this smaller benefit to all families, they could devise services that did not easily serve all parts of the state, and they could take long enough to process applications that many families would suffer tremendous family break-downs before aid arrived.

Block grants that irresponsibly devolve *all* federal direction or accountability this way will not solve the system problems listed above, and may well hurt America's families and children. Five major flaws of the PRA are discussed below.

First, the PRA would allow decisions by certain states to hurt the entire country. The PRA does not recognize that developing and supporting a decent national standard of living affects the whole country. The problems of poor children and poor families are not confined by state

borders. Children in New York who grow up with a poor education, no skills, families who cannot support them, and no positive connections to their community affect the standard of living in Michigan and California. If that child from New York commits a crime in Texas, will New York bear the costs alone? Of course not. We cannot afford for states to simply abdicate their responsibility for the families and children who live within their borders, and then shift the problems that result onto the entire country.

Second, the PRA forces funding for prevention and early intervention programs to compete directly with funds available to meet the most basic support and protection needs. Years of research studies and experience with communities demonstrate that the only way to improve the long-term outcomes for children, youth and families is to invest in long-term preventive strategies. These strategies need to emphasize strengths and child and youth development, not just fixing problems or filling holes. To make these investments requires the ability to invest money up-front, when the return may be years away. But the PRA makes that long-term investment strategy much more difficult. Given one pool of money that must cover both prevention and basic support, it will be difficult for states to emphasize prevention as they shoulder more of the burden for direct support. Faced with families living on the street, states will be pressed to spend money housing them rather than on services and supports to prevent them from becoming homeless in the first place. Faced with increasing numbers of children being abused or neglected, states will be pressed to spend money on foster care rather than preventive strategies meant to prevent child abuse.

Third, there is virtually no accountability for how the funds are spent. Too many strings and regulations can hamper communities' ability to be flexible in designing and implementing services and supports. But no accountability means that it is all too easy for states to support only politically popular or well-connected programs that may be entirely ineffective. Even more dangerous, they may be tempted to serve only some children, and to eliminate protections that guarantee child safety. This is an open invitation for more "pork" spending, not less.

Fourth, block grants with no direction for local community involvement may end up promoting funding mechanisms that are as bureaucratic, categorical and unresponsive to family, neighborhood and community needs as the worst aspects of the current system. For many communities, state governments are almost as distant and non-responsive as Washington, D.C. Yet the PRA includes no provisions for ensuring that communities have a voice in state and/or local priority-setting, resource allocation and service delivery. Front-line workers may end up just as hamstrung by state regulations as they were by federal restrictions.

Fifth, there is no protection against re-regulation of the block grant programs. History has shown that block grants are highly susceptible to being "re-categorized," thus suggesting that the promises of flexibility may be short-lived. Even though the block grants of the early 1980s were intended to increase state flexibility, additional constraints in the form of cost ceilings and set-asides were reintroduced in subsequent years. This development leaves states with the worst of both worlds: the same problems but less money and less flexibility to address them.

These flaws in the concept and design of the PRA mean that it will not fix, and may even exacerbate, the systemic problems and poor family outcomes it was meant to address.

How A Different Approach Can Address the Systemic Problems and Improve the Lives of Children, Youth and Families

Clearly, there is a need for a more rational system of providing federal support to states and communities to address concerns affecting children, youth and families. The federal government sponsors hundreds of separate family- and child-serving programs, at a budget of hundreds of billions of dollars across the departments of Education, Health and Human Services, Housing and Urban Development, Justice, and others. Many of these programs are similar enough that they could be combined in such a way to give communities increased flexibility to accomplish their goals. This blending could be in the form of a block grant, a capped entitlement, or through some other financing arrangement that encouraged states and communities to pool and consolidate similar funding streams.

This approach—making funding available more flexibly—makes sense when:

- Effective responses to child and family needs require holistic approaches that cross program, professional and agency boundaries.

- Effective responses require that services and supports be contoured to the strengths and resources of the community and require strong community ownership to be effective.

- There is a coherent focus that offers confidence that the emphasis will remain upon children, youth and families the federal government believes should be served (e.g., the people served by programs consolidated into the block grant will not be ignored).

- Flexibility in responding differently to different community and family circumstances is needed to achieve desired goals.

- Activities will lead to more collaborative, less fragmented and better integrated services and supports, including those not directly funded through the block grants.

This different approach would combine the purposes and funding streams of similar programs into larger categories. There would be drastically reduced federal requirements as to how the funds would be spent. But in exchange, states and communities would be publicly accountable for their progress on mutually agreed outcome goals, publicizing their progress on established benchmarks such as school readiness, school completion, teen pregnancy, substance abuse and criminal behavior. In a process similar to that being used in the Family Preservation and Support Services Program, local communities would help design services based on local needs and resources. State service delivery would also need to operate according to certain principles that would protect citizens' health, safety and civil rights. (States couldn't increase their education test scores by discriminating against certain categories of students, for example.)

It may make sense to develop two large block grants based on the developmental stages of children—for example, a "School Readiness Block Grant" aimed at prenatal to age 6, and a "Youth Development Block Grant," aimed at children aged 6 to 18. (The current proposal closest to this is the Youth Development Block Grant sponsored by Sen. Nancy Kassebaum.) A third category could focus on adult family members and address issues such as domestic violence and employment.

Any block grant would need to include certain features in order to ensure maximum effectiveness and to protect the basic health, safety and civil rights of families and children. These principles include:

- **Results-based accountability**: the state and the federal government need to agree on measurable outcomes or results that the funds are intended to achieve. There must be a process for measuring data, reporting results and making changes based on those results.

- **Assurances of quality and fair treatment**: basic protections to safeguard the health and safety of children and prevent discrimination or arbitrary decision-making on the basis of ethnicity, race, gender, age, disability, culture, class or similar circumstance

- **Community control in planning and delivery of services**: an inclusive process to develop and review service priorities and implementation activities that ensure meaningful input from community representatives, parents and other child and family advocates, as well as service providers

- **Maximizing the impact of federal funds**: provisions to ensure that the intent of federal investments in children, youth and families is not subverted or undermined by offsetting state and local budget cuts

A reformulation of federal programs structured in this way would address in a significant manner the major problems with the current federal system. It would give states new authority and responsibility in fashioning more comprehensive, preventive, and community-based strategies for addressing the needs of children, youth and families. Specifically, it would:

- coordinate diverse programs with similar goals, giving communities fewer, more streamlined sources of funds and reporting mechanisms;

- encourage more comprehensive and coordinated community planning and resource mapping, by limiting the number of auspices under which such planning is required;

- establish accountability based upon achieving goals and results, rather than upon adherence to procedures and reporting regulations;

- allow communities to shift funds among initiatives in such a way that supports the most effective, long-term solutions, instead of pitting prevention and development against basic support;

- encourage communities to emphasize prevention and development, and give them the ability to make the initially expensive investments in prevention that are necessary to change long-term results;

- provide communities real control over the design and delivery of services;

- protect against re-regulating these programs, since entire communities would be involved in the design—once allowed to take the driver's seat, it will be much more difficult to force communities into the back seat; and

- increase the opportunity for truly integrated solutions that cross and transcend professional and categorical boundaries.

The table attached summarizes the impact of the PRA and of the alternative block grant structure on the major problems facing the current service delivery system.

This is a watershed time. We do not wish to lose this opportunity for making the sweeping changes that are needed. But all of our experience with communities indicates that the PRA is the wrong use of this opportunity. An alternative structure for the block grants could use this window to accomplish what we all want for our children, youth and families.

THE IMPACT OF THE PERSONAL RESPONSIBILITY ACT AND ALTERNATIVE BLOCK GRANT STRUCTURES ON SYSTEMIC REFORM

Personal Responsibility Act	**Characteristic of the Existing System**	**Alternative Block Grant Structure**
Would only reduce administrative structure in a few isolated programs. Would not address fragmentation of other programs.	*Fragmentation*	Would greatly reduce fragmentation by putting similar programs together.
Discourages funding for prevention by pitting prevention against basic support.	*Emphasis on "back end," not on prevention*	Encourages funding for prevention and development by separating them from basic support, and by rewarding communities for improving results.
Structure would move to state level, where it may be equally restrictive and distant from communities.	*Top-down, not community driven*	Requires community input and participation in design and delivery of services and supports.
Does nothing to address this problem, as state rules may simply substitute for federal rules.	*Driven by rules, not results*	Would address this problem by making programs accountable for results.
Gaps are likely to widen, because of fewer requirements on universal availability of services and supports.	*Gaps in service delivery*	Would discourage gaps by holding states accountable for results for *all* children, youth and families.
May exacerbate this problem by combining dissimilar programs.	*Inefficient use of resources*	Would address this by combining similar programs and streamlining administration.
Allows states to abdicate their responsibility for supporting families and children, with the costs falling on the nation as a whole.	*Support for the national interest in strong children, youth and families.*	By not including entitlements, would protect national interest in maintaining basic level of support for families and children.
Largely consolidates on a programmatic and categorical basis, as opposed to a more holistic approach.	*Categorical*	Would encourage more integrated and holistic approaches to meeting family needs by consolidating across agency and categorical program lines.